

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-10 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07  
CEA-01 /086 W

-----033523 251327Z /14

R 241600Z FEB 78  
FM AMEMBASSY BERN  
TO SECSTATE WASHDC 5845  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY LONDON  
AMEMBASSY PARIS

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PASS TREAS AND FRB

EO 11652: N/A  
TAGS: EFIN, ECON, SZ  
SUBJ: VIEWS OF SWISS NATL BANK VICE PRESIDENT

1. SUMMARY: EMBOFF AND VISITING US TREAS OFFICIAL,  
JERRY NISENSEN, MET FEB 22 WITH SNB VICE PRES  
LANGUETIN AND SNB DEP MGR HANS STAHEL. LANGUETIN  
EXPRESSED CONCERN ABOUT OUTLOOK FOR SWISS AND INTL  
ECONOMIC GROWTH; SAID HE BELIEVED US TREAS HAS NOT  
RULED OUT POSSIBLE SALES OF US GOLD TO OBTAIN FOREX  
TO HELP SUPPORT DOLLAR EXCHANGE RATE THROUGH FOREX  
MARKET INTERVENTIONS. END SUMMARY.

2. LANGUETIN SAID HE IS MUCH CONCERNED ABOUT SWISS  
ECONOMIC SITUATION. GOOD 1977 DOMESTIC GROWTH WAS  
LED BY EXPORTS DURING PERIOD OF STABLE SF EXCHANGE  
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RATE. SWISS EXPORTS NOW THREATENED DUE ABRUPT SF  
APPRECIATION. LANGUETIN SAID PRICE LEVELS ON EXPORT  
SALES HAVE BEEN REDUCED SO FAR IN ORDER OFFSET SF  
APPRECIATION THAT PROFIT MARGINS HAVE EITHER DECLINED  
SIGNIFICANTLY OR DISAPPEARED COMPLETELY. EXPORT  
INDUSTRIES ALSO REPORT DECLINE IN NEW ORDERS WHICH  
WILL HAVE ADDITIONAL NEGATIVE IMPACT ON NEW INVESTMENTS,

DOMESTIC DEMAND, AND SWISS GROWTH RATE. UNUSABLE EXCESS CAPACITY OF CONSTRUCTION INDUSTRY AND RESTRAINTS ON INTRODUCING NEW PUBLIC WORKS PROGRAMS SEVERELY LIMITS EFFECTIVE POLICY OPTIONS AVAILABLE TO HELP STIMULATE NEW INVESTMENTS. SAID CURRENT MONETARY POLICY IS SUFFICIENTLY EXPANSIONARY AT 5 PERCENT ANNUAL GROWTH RATE TARGET; INTEREST RATES ARE CONTINUING TO DECLINE. CALL MONEY RATE FEB 22 WAS NEGATIVE 0.25 PERCENT.

3. LANGUETIN EXPRESSED SIMILAR CONCERN FOR INTL ECONOMIC SITUATION. WEST GERMAN ACHIEVEMENT 3.5 PCT REAL GROWTH 1978 MEANS RENEWED RISK INFLATION. ABRUPT DOLLAR EXCHANGE RATE DECLINE AS RESULT IMPACT ON EXPORTS ENDANGERS PROSPECTS GROWTH OTHER COUNTRIES.

4. LANGUETIN PUZZLED BY CONTINUING DOWNWARD SLIDE DOLLAR WHICH DOES NOT REFLECT US ECONOMIC STRENGTH. ONE SHOULD EXPECT CAPITAL INFLOWS IN FORM DIRECT INDIRECT INVESTMENT TO OFFSET US DEFICIT. HOWEVER, SWISS BUSINESSMEN AND BANKERS, ASSERTING THEY ARE ACTING ON BASIS VIEWS EXPRESSED BY US BUSINESS ABOUT LACK OF CONFIDENCE IN ADMINISTRATIONS ECONOMIC POLICIES, ARE RELUCTANT INVEST IN US. DIRECT INVESTMENT IS MODEST BY COMPARISON TO WHAT ONE SHOULD EXPECT. CONTINUED LIMITED OFFICIAL USE

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FALL DOLLAR TOGETHER WITH POOR PERFORMANCE US STOCK MARKET ARE POWERFUL DETERRENTS PORTFOLIO INVESTMENT.

5. REFERRING TO SHORT AND MEDIUM TERM OPTIONS FOR US ACTION TO HELP STEM ABRUPT DOWNWARD TREND OF DOLLAR EXCHANGE RATE, LANGUETIN SAID SWISS HAVE IMPRESSION USG HAS NOT RULED OUT POSSIBILITY OF SELLING SOME OF ITS GOLD RESERVES FOR FOREX TO BE USED IN PURCHASING DOLLARS TO HELP SUPPORT DOLLAR EXCHANGE RATE. IN HIS OPINION SUCH A MOVE WOULD HAVE POSITIVE PSYCHOLOGICAL IMPACT ON FOREX MARKETS. ODELL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** VICE PRESIDENT, ECONOMIC CONDITIONS, BANKS, MEETINGS, FINANCIAL TRENDS, MEETING REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 feb 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BERN00910  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780088-0139  
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**Message ID:** dbd7dad0-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Previous Handling Restrictions:** n/a  
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**Review Content Flags:**  
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**Review Event:**  
**Review Exemptions:** n/a  
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**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3493183  
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**Status:** NATIVE  
**Subject:** VIEWS OF SWISS NATL BANK VICE PRESIDENT  
**TAGS:** EFIN, ECON, SZ, US, (NISENSEN, JERRY), (STAHEL, HANS)  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
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